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NOFORN
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DEPARTMENT FOR EUR/CE JAMIE MOORE.
NSC FOR JEFF HOVENIER.

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SUBJECT: AMBASSADOR'S INTRODUCTORY MEETINGS:
AFGHANISTAN/ENERGY SECURITY/SLOVAK RELATIONS MAJOR THEMES

REF: A. BUDAPEST 687
[1](#)B. BUDAPEST 881
[1](#)C. BUDAPEST 787

Classified By: Political/Economic Counselor Paul C. O'Friel
for reasons 1.4 (b) and (d).

[1](#)1. (C) SUMMARY. The Ambassador made January 11-14 introductory calls on President Laszlo Solyom, Prime Minister Gordan Bajnai, and Foreign Minister Peter Balazs. Although the most substantive meeting was with Prime Minister Bajnai, each of the Ambassador's Hungarian interlocutors stressed the strength of the U.S.-Hungarian bilateral relationship. Prime Minister Bajnai told the Ambassador Hungary intends to plus up its promised additional commitment to Afghanistan to a total of 235 troops and is focused on concluding as rapidly as possible the memorandum of understanding to add four USAID experts to the Baghlan Provincial Reconstruction Team. Worried about Russian dominance of its energy supplies, Hungary will try to broaden support for the Nabucco project in the upcoming Visegrad-4 Summit, as well as pursue the construction of a liquefied natural gas project with Croatia. Bajnai hopes that tensions with Slovakia over the new Slovak language law would not be exploited in either country's upcoming electoral campaigns, but said he would be forced to respond to any provocation. END SUMMARY.

AFGHANISTAN/GUANTANAMO DETAINEE
DECISIONS BASED ON COMMON VALUES

[1](#)2. (C) Prime Minister Bajnai said he believed that the strong strategic relationship between Hungary and the United States was based on common values, and that this belief had guided his decision to accept a Guantanamo detainee and to increase the size of the Hungarian contingent in Afghanistan. He noted the differing reactions within the EU to the request for further allied help, contrasting the readiness of Hungary and Poland to respond with the hesitancy of France and Germany. Bajnai said he intended to push for greater action at the upcoming London conference, saying, "The larger we all go in, the faster we all will get out." He added that after consultations with the Ministry of Defense, Hungary would increase its initial commitment of 200 additional troops to a total of 235 more soldiers. (Comment. In a January 15 meeting, Ministry of Defense Policy State Secretary Jozsef Bali told PolOff that he was unaware of any increase in troops above the 200 offered by the Prime Minister in his meeting with the Vice President in December. However, Bali confirmed that the Prime Minister and Finance Minister had recently met to source funding for the additional troops from 2010 budget reserves. End Comment.) Bajnai said he hoped to conclude as rapidly as possible the

draft memorandum of agreement to add four USAID experts to the Hungarian Provincial Reconstruction Team in Baghlan Province, and would follow up with the Ministry of Defense on the current status. The Ambassador said both the President and Vice President were grateful for Hungary's efforts.

ENERGY SECURITY

13. (C) Bajnai said he was pursuing three courses of action to diversify Hungary's energy supplies.

-- The Nabucco pipeline was his top priority. Bajnai said his goal was to establish an EU Nabucco Commission, as well as an international board of high-level political representatives on which the United States could sit as an observer.

-- South Stream was the second alternative. Although this still meant Russian gas, it provided another route to the problematic Ukrainian pipeline. Commenting on recent press reports of an imminent signing of a South Stream feasibility study agreement, Bajnai downplayed the news. He said while the former Gyurcsany government had embraced South Stream, he had postponed the signing ceremony until he had a better understanding "of the whole Russian position." (Note. See septel reporting on South Stream. End Note.)

-- The proposed Krk Island liquefied natural gas terminal in Croatia and the interconnecting pipeline offered the best fully independent, relatively reliable, short-term solution in that it was cheaper and easier to implement than Nabucco.

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Bajnai said he would meet his Croatian counterpart, Jadranka Kosor, on January 18 in Zagreb to discuss how best to move forward. (Note: Bajnai was quoted in the Hungarian press as announcing following the meeting that an inter-connecting gas pipeline between Hungary and Croatia would be completed by the end of 2010 and fully operational by the middle of 2011. The pipeline would be capable of annually carrying 6.5 billion cubic meters of gas. End Note.)

14. (C/NF) Bajnai expressed sharp concern about Russian efforts to corner the energy market in the Western Balkans. He pointed to moves in Croatia, Bosnia, and Slovenia to take over Hungarian energy conglomerate MOL's interests. "Using business methods, they (the Russians) are making a strong push; it's a major strategic problem," Bajnai said. He appreciated U.S. help in persuading Croatia not to divert from its previous EU orientation.

15. (C) President Solyom and Foreign Minister Balazs also focused on similar themes. Solyom said Hungary was very concerned about its dependence on Russia and would continue to pursue the Nabucco pipeline project as a means to diversify its energy supplies. Balazs stressed it was "a burning issue" for Hungary, saying, "We badly need alternative solutions."

16. (C) Regarding Russia Balazs said, "The main problem with Russia is that it is unpredictable; Russian money isn't any different than anyone else's money, but we would like to know the intentions of Russian investors." He added, "When Mercedes makes an investment it is predictable and transparent, but when Russia makes an investment, in (Hungarian oil giant) MOL for example, their intentions are a bit foggy."

17. (C) In all of her meetings, the Ambassador emphasized that Washington agreed that it was imprudent to rely on a single energy source. Nabucco offered the best mid-range alternative for Hungary's energy needs. She noted Special Envoy Morningstar's close involvement in the issue, stressing Morningstar's commitment -- schedule permitting -- to attend the upcoming meeting of the Visegrad-4 summit, which would

focus on energy security as one of its major themes.

AMBITIOUS PLANS FOR VISEGRAD-4 SUMMIT

¶18. (C) Prime Minister Bajnai stated he had high hopes for the February 24 Visegrad-4 Summit. Beyond the core group of the Czech Republic, Slovakia, and Poland, Bajnai said he expected the prime ministers of Bosnia, Serbia, Croatia, Romania, and Bulgaria to attend. Saying that he wanted it to be a very significant event, Bajnai said his ambition was to produce a joint statement on energy security and launch the start of international cooperation on coordination mechanisms and pipelines.

¶19. (C) Looking beyond energy security, Bajnai said he hoped to use the venue to discuss Roma integration and NATO's new Strategic Concept. He stated that he planned to host on February 25, the day following the Summit, a discussion of the Danube Strategy, an EU initiative building on the successful Baltic Sea Strategy that would address broad ecological, transport, and socio-economic needs. Bajnai has also invited former Secretary of State Madeleine Albright to brief the Summit on the NATO review she is leading.

HUNGARIAN THOUGHTS ON NATO'S NEW STRATEGIC CONCEPT

¶10. (C) On the issue of NATO's new Strategic Concept, Minister Balazs separately told the Ambassador that although Hungary was not part of the "Wise Men Group," he had assembled a cross-party group of "wise men" to think "very seriously" about NATO. From the Hungarian perspective, Balazs said there were three important issues:

-- Article V: It was critical to interpret Article V more broadly to account for global threats to common security. We have to keep our eyes wide open and be ready to take preventive extra-territorial action whenever and wherever needed, Balazs said.

-- Russia-NATO Cooperation: NATO had to manage its relationship with Russia constructively. Balazs said Hungary

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was happy with the decision to renew the NATO-Russia Council.

-- NATO Enlargement: Given the challenges in the Western Balkans, the prospect of NATO membership offered a means to help stabilize the situation. Balazs observed that in Bosnia the army was the only institution in which the three groups -- Serbs, Croats, and Bosniaks -- came together, and advocated being "more courageous" about NATO's Membership Access Plan (MAP). Balazs stated Hungary, however, was more cautious about extending the MAP to its eastern neighbors like the Ukraine. "Let's wait and see," he said.

HUNGARIAN-SLOVAK RELATIONS: TENSIONS PERSIST OVER SLOVAK LANGUAGE LAW

¶11. (C) Bajnai commented that although from the outside the Hungarian-Slovak dispute over the new Slovak language law might look like "two kindergarten kids wrestling in the mud," the tension had the potential to become a serious diplomatic issue. He said he had tried to work with his Slovak counterpart, Prime Minister Fico, to tone down the tensions (ref a). Nonetheless (according to Bajnai), despite the progress two sides made after their September 2009 meeting, by December the Slovaks had "stepped out of the process."

¶12. (C) The Ambassador noted that the United States was hopeful that the Organization for Security and Cooperation in Europe (OSCE) could play a helpful role in finding a

solution. Bajnai replied that Hungary was disappointed that the OSCE had backed away from its initial 26 recommendations, but was still seeking to keep the OSCE involved. Noting that elections would soon be taking place in both countries, Bajnai said he hoped that the minority issue will not be exploited in either campaign to obtain votes. He cautioned that he would have to react in the case of any provocation. (Note: President Solyom also highlighted the need to protect the cultural rights of Hungarians living outside the borders. End Note.)

¶13. (C) Bajnai stressed that on the Hungarian side he had taken and would continue to take strong action against any domestic terrorist organization that targeted minorities. "I will not allow it," he said.

ROMA INTEGRATION A "STRATEGIC QUESTION"

¶14. (C) Bajnai stated that he viewed Roma integration as a "strategic question" that would be the top political issue in Hungary over the next ten years. "We have to integrate," he emphasized, noting that his government had pursued affirmative action programs in the civil service, army, and police, had passed anti-segregation laws, and begun to rehabilitate run-down Roma communities. Citing the Embassy's successful "Policing in a Multicultural Environment" seminar (ref b), Bajnai stated he wanted to extend the training to "hundreds" of police officers. "We can benefit from your experience," he said.

¶15. (C) President Solyom also spoke passionately about the Roma community. Solyom said he hoped Hungary could learn from the U.S. example how to break down the barriers of segregation, and asked for help with Roma integration.

¶16. (C) Foreign Minister Balazs emphasized, too, his hope for U.S. help in combating intolerance. "This is an urgent matter for us," he said, noting that even beyond the national elections in April the far-right might further solidify its position in the October 2010 local elections. "Piece by piece, they might occupy symbolically and politically parts of the country."

¶17. (C) The Ambassador assured all three of her interlocutors that the Embassy had identified funds and stood ready to help in any way it could. She noted that Secretary Clinton considered this issue a priority.

BETTERING THE BUSINESS CLIMATE

¶18. (C) The Ambassador registered her concern with all her interlocutors about Hungary's business climate, especially

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after the adverse tender decision effecting U.S.-owned Slager Radio (ref c). Prime Minister Bajnai said the Slager decision had been a blow to his efforts to restore trust in Hungary. He noted, however, that the recent court decision in favor of Danubius, the other foreign-owned station shut out of the tender, showed Hungarian courts are independent. Bajnai added that he considered the open letter of nine chiefs of mission (including the U.S.) urging more transparency "a letter for Hungary not against Hungary." Bajnai agreed with the Ambassador it was important now to look ahead and prevent any reoccurrence.

¶19. (C) COMMENT: Prime Minister Bajnai clearly has an ambitious agenda between now and the end of his term in April. His track record thus far has been good, and we expect that he will achieve many, but not all, of his goals. Bajnai said he hoped to name a principal point of contact for Roma issues before the end of January. We will look to engage quickly to identify how we can help Hungary's efforts to address the Roma issue.

